

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 8048

INFO AMEMBASSY LONDON PRIORITY

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USEEC

PARIS ALSO FOR OECD

E.O.11652:N/A

TAGS: EEC, EIND, ETRD, EAIR

SUBJECT: DAVIGNON URGES EUROPEAN SOLUTION TO UK AIRCRAFT

DILEMMA

1. ACCORDING TO A COMMISSION SOURCE, DAVIGNON HAS BEEN PUSHING HARD FOR THE UK TO "MAKE A COMMITMENT TO EUROPE" IN ITS CHOICE INVOLVING TRANSATLANTIC OR EUROPEAN AIRCRAFT CONSTRUCTION PROGRAMS. DAVIGNON AIDE, PIERRE DEFRAIGNE, TOLD MISSION OFFICER THAT COMMISSION FAVORS A SOLUTION WHEREBY UK WOULD JOIN WITH OTHER AIRBUS PARTICIPANTS AND WITH MC DONNELL DOUGLAS TO BUILD THE B-10 NEW VERSION OF AIRBUS AND THE PROPOSED 180-SEAT MC DONNELL DOUGLAS PLANE.

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MC DONNELL DOUGLAS VICE PRESIDENT KRAMER WILL BE IN BRUSSELS JULY 27 TO DISCUSS THIS IDEA WITH DAVIGNON.

DAVIGNON IS EXPECTED TO MEET SUBSEQUENTLY WITH UK INDUSTRY SECRETARY VARLEY.

2. ACCORDING TO DEFRAIGNE THE UK HAD RECENTLY ASKED THE COMMISSION TO SUBMIT ITS VIEWS ON THE MATTER. THESE WERE

GIVEN IN A MEMO FROM JENKINS TO CALLAGHAN AT THE BONN SUMMIT. THE UK REACTION WAS REPORTEDLY THAT THE COMMISSION PAPER WAS NOTHING NEW.

3. IN AN INFORMAL CONTACT IN BRUSSELS RECENTLY WITH MISSION OFFICER, JAMES CORR, ECONOMIC ADVISOR TO CALLAGHAN ON INDUSTRIAL AFFAIRS, SAID THAT A UK DECISION WAS NOT YET AT HAND. CORR'S PERSONAL THINKING WAS THAT COOPERATION WITH MC DONNELL DOUGLAS MIGHT OFFER AN ATTRACTIVE WAY OUT OF THE DILEMMA BY PROVIDING REASONABLY SECURE SALES PROSPECTS AND A SIGNIFICANT DESIGN ROLE FOR THE UK AIRCRAFT INDUSTRY, WHILE AT THE SAME TIME OFFERING THE POSSIBILITY OF COOPERATING WITH OTHER EUROPEANS. MOREOVER, THERE WOULD BE POSSIBLE FUTURE COOPERATION WITH MC DONNELL DOUGLAS ON MILITARY AIRCRAFT. IF IT BECAME CLEAR THAT THIS WOULD LEAD TO DELAYS, ESPECIALLY FOR THE MC DONNELL DOUGLAS PROPOSAL, COOPERATION WITH BOEING MIGHT BE BETTER SINCE THE FIRST ONE INTO THE MARKET WILL SURELY GET THE LION'S SHARE AND BOEING IS READY TO MOVE QUICKLY TOWARDS PRODUCTION OF ITS 767 AND 757 MODELS. CORR'S EVALUATION OF THE AIRBUS-ONLY OPTION WAS THAT IT WAS CLEARLY GOOD FROM AN INTERNATIONAL RELATIONS POINT OF VIEW AND WOULD ALLOW UK INDUSTRY TO PLAY AN IMPORTANT DESIGN ROLE, BUT THE CONCORDE MEMORIES ARE STILL BITTER AND THE FINANCIAL SUCCESS OF THE B-10 AIRBUS STILL PROBLEMATIC. HINTON

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